



DOCKET FILE COPY ORIGINAL

October 4, 2013

Received & Inspected
OCT 24 2013
FCC Mail Room

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Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing a Unified Inter-carrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform – Mobility Fund, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208*

Dear Ms. Dortch:

On behalf of Alliance Communications Cooperative, Inc.-Hills-IA (SAC 351405), please find enclosed one copy of FCC Form 481, containing Confidential Financial Information and two copies of Alliance Communications Cooperative, Inc.-Hills-IA (SAC 351405)'s FCC Form 481, containing Confidential Financial Information in redacted form.

Please do not hesitate to contact me at (605) 594-8228 if you have any questions regarding this submission.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kari J. Flanagan'.

Kari J. Flanagan
CFO

Alliance Communications Cooperative, Inc.-Hills-IA (SAC 351405)

No. of Copies rec'd 0+1
List ABCDE

Speak and you'll be heard.



REDACTED – FOR PUBLIC INSPECTION

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Ms. Marlene H. Dortch
Secretary
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445 12th Street, S.W.
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Re: *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing a Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform – Mobility Fund, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208*

Dear Ms. Dortch:

On behalf of Alliance Communications Cooperative, Inc.-Hills-IA (SAC 351405), please find enclosed two copies of Alliance Communications Cooperative, Inc.-Hills-IA (SAC 351405)'s FCC Form 481, along with the redacted versions of the Confidential Financial Information.

One copy of the FCC Form 481, containing Confidential Financial Information is being filed under separate cover.

Please do not hesitate to contact me at (605) 594-8228 if you have any questions regarding this submission.

Respectfully submitted,

Kari J. Flanagan
CFO

Alliance Communications Cooperative, Inc.-Hills-IA (SAC 351405)

Speak and you'll be heard.

FCC Form 487-Carrier Annual Reporting Data Collection Form	
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<010> Study Area Code	351405
<015> Study Area Name	HILLS TEL CO, INC-IA
<020> Program Year	2014
<030> Contact Name: Person USAC should contact with questions about this data	Kari J. Flanagan
<035> Contact Telephone Number: Number of the person identified in data line <030>	(605) 594-8228
<039> Contact Email Address: Email of the person identified in data line <030>	kjflanagan@alliancecom.net

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ANNUAL REPORTING FOR ALL CARRIERS	
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<100> Service Quality Improvement Reporting	(complete attached worksheet)	(check box when complete)
<200> Outage Reporting (voice)	(complete attached worksheet)	
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report		
<300> Unfulfilled Service Requests (voice)	0	
<310> Detail on Attempts (voice)	(attach descriptive document)	
<320> Unfulfilled Service Requests (broadband)		
<330> Detail on Attempts (broadband)	(attach descriptive document)	
<400> Number of Complaints per 1,000 customers (voice)		
<410> Fixed	0.0	
<420> Mobile	0.0	
<430> Number of Complaints per 1,000 customers (broadband)		
<440> Fixed		
<450> Mobile		
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	
<510> 351405ia510	(attach descriptive document)	
<600> Functionality in Emergency Situations	(check to indicate certification)	
<610> 351405ia610	(attach descriptive document)	
<700> Company Price Offerings (voice)	(complete attached worksheet)	
<710> Company Price Offerings (broadband)	(complete attached worksheet)	
<800> Operating Companies and Affiliates	(complete attached worksheet)	
<900> Tribal Land Offerings (Y/N)?	(if yes, complete attached worksheet)	
<1000> Voice Services Rate Comparability	(check to indicate certification)	
<1010>	(attach descriptive document)	
<1100> Terrestrial Backhaul (Y/N)?	(if not, check to indicate certification)	
<1110>	(complete attached worksheet)	
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)	

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet
Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>	(check to indicate certification)	
<2005>	(complete attached worksheet)	

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

<3000>	(check to indicate certification)	
<3005>	(complete attached worksheet)	

**(100) Service Quality Improvement Reporting
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010> Study Area Code 351405

<015> Study Area Name HILLS TEL CO, INC-1A

<020> Program Year 2014

<030> Contact Name - Person USAC should contact regarding this data Kari J. Flanagan

<035> Contact Telephone Number - Number of person identified in data line <030> (605)594-8228

<039> Contact Email Address - Email Address of person identified in data line <030> kflanagan@alliancecom.net

<110> Has your company received its ETC certification from the FCC? (yes / no) ☐ ☒

If your answer to Line <110> is yes, do you have an existing § 54.202(a) "5 year plan" filed with the FCC? (yes / no) ☐ ☐

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

Name of Attached Document (.pdf)

Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113> Maps detailing progress towards meeting plan targets

<114> Report how much universal service (USF) support was received

<115> How (USF) was used to improve service quality

<116> How (USF) was used to improve service coverage

<117> How (USF) was used to improve service capacity

<118> Provide an explanation of network improvement targets not met in the prior calendar year.

<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

<010>	Study Area Code	351405
<015>	Study Area Name	HILLS TEL CO, INC-IA
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari J. Planagan
<035>	Contact Telephone Number - Number of person identified in data line <030>	(605)594-8228
<039>	Contact Email Address - Email Address of person identified in data line <030>	kjplanagan@alliancecom.net

[illegible]

<701>	Residential Local Service Charge Effective Date	1/1/2013
<702>	Single State-wide Residential Local Service Charge	

[illegible]

<010>	Study Area Code	351405
<015>	Study Area Name	HILLS TEL CO, INC-IA
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari J. Flanagan
<035>	Contact Telephone Number - Number of person identified in data line <030>	(605)594-8228
<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagana@alliancecom.net

<711>

[illegible]

(BIO) Operating Compasles
 Data Collection Form

FOC Form 203
 OMR Control No. 13060-1530/OMR Control No. 13060-1530
 July 2013

<010>	Study Area Code	351405
<015>	Study Area Name	HILLS TEL CO, INC-IA
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari J. Flanagan
<035>	Contact Telephone Number - Number of person identified in data line <030>	(605)594-8228
<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagana@alliancecom.net
<810>	Reporting Carrier	Alliance Communications Cooperative, Inc.-Hills-IA
<811>	Holding Company	
<812>	Operating Company	Alliance Communications Cooperative, Inc.

[illegible]

900 Tribal Lands Reporting Data Collection Form		FCC Form 487 OMB Control No. 3000-0025 / OMB Control No. 3000-0025 July 2013
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<010>	Study Area Code	351405
<015>	Study Area Name	HILLS TEL CO, INC-IA
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari J. Flanagan
<035>	Contact Telephone Number - Number of person identified in data line <030>	(605)594-8228
<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document (.pdf)

If your company serves Tribal lands, please select (Yes, No, NA) for each of these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- | Select
(Yes, No,
NA) |
|-------------------------------------|
| <input checked="" type="checkbox"/> |
| <input type="checkbox"/> |
| <input type="checkbox"/> |
| <input type="checkbox"/> |
| <input type="checkbox"/> |
| <input type="checkbox"/> |
| <input type="checkbox"/> |
| <input type="checkbox"/> |
| <input type="checkbox"/> |
| <input type="checkbox"/> |
- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions;
 <922> Feasibility and sustainability planning;
 <923> Marketing services in a culturally sensitive manner;
 <924> Compliance with Rights of way processes
 <925> Compliance with Land Use permitting requirements
 <926> Compliance with Facilities Siting rules
 <927> Compliance with Environmental Review processes
 <928> Compliance with Cultural Preservation review processes
 <929> Compliance with Tribal Business and Licensing requirements.

(1100) No Terrestrial Backhaul Reporting Data Collection Form		FCC Form 481 OMB Control No. 3060-0086/OMB Control No. 3060-0010 NOV 2012
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<010>	Study Area Code	351405
<015>	Study Area Name	HILLS TEL CO, INC-IA
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari J. Planagan
<035>	Contact Telephone Number - Number of person identified in data line <030>	(605) 594-8228
<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

<1120> Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G) ☐

<1130> Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G) ☐

(1200) Terms and Condition for Lifeline Customers		FCC Form 487
Lifeline		OAS Control No. 3060-0036/OAS Control No. 3060-0819
Data Collection Form		July 2013

<010>	Study Area Code	351405
<015>	Study Area Name	HILLS TEL CO, INC-IA
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari J. Flanagan
<035>	Contact Telephone Number - Number of person identified in data line <030>	(605)594-8228
<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

<1210>	Terms & Conditions of Voice Telephony Lifeline Plans	351405ia1210
		Name of attached document (.pdf)

<1220>	Link to Public Website	HTTP
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"Please check these boxes below to confirm that the attached PDF, on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221>	Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,	<input checked="" type="checkbox"/>
<1222>	Details on the number of minutes provided as part of the plan,	<input checked="" type="checkbox"/>
<1223>	Additional charges for toll calls, and rates for each such plan.	<input checked="" type="checkbox"/>

(2009) Price Cap Carrier Additional Documentation		ICC Form 400
Data Collection Form		OMB Control No. 3045-0046/CCMS Control No. 3045-0046
Insulating Role of Premium Carriers Affiliated with Price Cap Local Exchange Carriers		July 2015

<010>	Study Area Code	351405
<015>	Study Area Name	HILLS TEL CO, INC-IA
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari J. Flanagan
<035>	Contact Telephone Number - Number of person identified in data line <030>	(605) 594-8228
<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting		
<2010>	2nd Year Certification (47 CFR § 54.313(b)(1))	<input type="checkbox"/>
<2011>	3rd Year Certification (47 CFR § 54.313(b)(2))	<input type="checkbox"/>
Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))		
<2012>	2013 Frozen Support Certification	<input type="checkbox"/>
<2013>	2014 Frozen Support Certification	<input type="checkbox"/>
<2014>	2015 Frozen Support Certification	<input type="checkbox"/>
<2015>	2016 and future Frozen Support Certification	<input type="checkbox"/>
Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))		
<2016>	Certification Support Used to Build Broadband	<input type="checkbox"/>
Connect America Phase II Reporting (47 CFR § 54.313(e))		
<2017>	3rd year Broadband Service Certification	<input type="checkbox"/>
<2018>	5th year Broadband Service Certification	<input type="checkbox"/>
<2019>	Interim Progress Certification	<input type="checkbox"/>
<2020>	Please check the box to confirm that the attached PDF, on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.	<input type="checkbox"/>
<2021>	Interim Progress Community Anchor Institutions	
Name of Attached Document Listing Required Information		

RUS Form 551 Data Summary - Progress Report on 5 Year Plan July 2013	
--	--

<010> Study Area Code	351405
<015> Study Area Name	HILLS TEL CO. INC-IA
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	Kari J. Flanagan
<035> Contact Telephone Number - Number of person identified in data line <030>	(605) 594-8228
<039> Contact Email Address - Email Address of person identified in data line <030>	kiflanagan@alliancecom.net

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

Progress Report on 5 Year Plan

(3010) Milestone Certification (47 CFR § 54.313(f)(1)(i)) Please check this box to confirm that the attached PDF, on line 3012, contains the required information pursuant to § 54.313(f)(1)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.	Name of Attached Document Listing Required Information	<input type="checkbox"/>
(3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))	Name of Attached Document Listing Required Information	<input checked="" type="checkbox"/> (Yes/No)
(3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))		<input checked="" type="checkbox"/> (Yes/No)
(3014) If yes, does your company file the RUS annual report. Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:		<input checked="" type="checkbox"/>
(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		<input checked="" type="checkbox"/>
(3016) PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	3514051a3017
(3018) If the response is no on line 3014, is your company audited? If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:		<input type="checkbox"/> (Yes/No)
(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications		<input type="checkbox"/>
(3020) PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3021) Management letter issued by the independent certified public accountant that performed the company's financial audit. If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:		<input type="checkbox"/>
(3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers.		<input type="checkbox"/>
(3023) Underlying information subjected to a review by an independent certified public accountant		<input type="checkbox"/>
(3024) Underlying information subjected to an officer certification.		<input type="checkbox"/>
(3025) PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3026) Attach the worksheet listing required information	Name of Attached Document Listing Required Information	

Universal Reporting Carrier Data Collection Form	FCC Form 481 OMA Control No. 2000-00000000000000000000000000000000 July 2013
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<010>	Study Area Code	351405
<015>	Study Area Name	HILLS TEL CO, INC-IA
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Kari J. Flanagan
<035>	Contact Telephone Number - Number of person identified in data line <030>	(605) 594-8228
<039>	Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: HILLS TEL CO, INC-IA	
Signature of Authorized Officer: CERTIFIED ONLINE	Date 10/04/2013
Printed name of Authorized Officer: Kari Flanagan	
Title or position of Authorized Officer: CPO	
Telephone number of Authorized Officer: 605-594-8228	
Study Area Code of Reporting Carrier: 351405	Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	



<010> Study Area Code	351405
<015> Study Area Name	HILLS TEL CO, INC-IA
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	Kari J. Flanagan
<035> Contact Telephone Number - Number of person identified in data line <030>	(605) 594-8228
<039> Contact Email Address - Email Address of person identified in data line <030>	kjflanagan@alliancecom.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent or Employee of Agent: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Printed name of Authorized Agent or Employee of Agent: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

10/04/2013

ALLIANCE COMMUNICATIONS COOPERATIVE, INC.-SD & IA
SA- 391642, 391657, 351405, 391405

**Certification of Compliance with Applicable Service Quality Standards and
Consumer Protection Rules**

Service Quality Standards

The Company:

- Provides voice grade access to the public switched network.
- Provides flat rated local exchange service with no additional charge to end users.
- Provides access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911.
- Provides toll blocking and toll limitation services.
- Advertises the availability of its services and the charges using media of general distribution and on its website.
- Maintains a business office providing customers with access to a customer service representative either in person or via a local telephone call or toll-free telephone number during normal business hours.
- Directs after hour calls to the Company's help desk.
- Directs trouble reports to the on-call technician.
- Tracks all service orders to ensure they are completed in a timely manner.
- Measures its service connection and service interruption performance on a regular basis.
- Trains employees to:
 - Answer all incoming calls promptly.
 - Respond to all inquiries for information promptly and courteously.
 - Investigate thoroughly all customer complaints and handle appropriately according to the Company's guidelines for resolution of customer complaints.
 - Be knowledgeable about products and service offerings so they can assist the customer with selecting the best service option.
- Has a process for periodic inspection, testing and preventive maintenance of its equipment to permit the rendering of safe, adequate and continuous service at all times.

Consumer Protection Rules

The Company has established operating procedures designed to facilitate compliance with applicable consumer protection rules which include compliance with the Customer Proprietary Network Information (CPNI) rules. The operating procedures include:

- Appointment of a compliance officer.
- A manual detailing the specific procedures for protecting consumer information.
- Employee training on an annual basis.
- A disciplinary process for improper use of consumer information.

SAC: 391657, 391642, 351405, 391405

States: IA and SD

Alliance Communications Cooperative, Inc.

Form 481 Line No.: 610 Description of Functionality in Emergency Situations

Alliance Communications Cooperative, Inc. has:

- Established reasonable provisions' to meet emergencies resulting from failures of lighting or power service, sudden and prolonged increases in traffic, illness of operators or from fire, storm, or acts of God including provisions for emergency power that meet or exceed the rule requirement to provide:
 - A minimum of four hours of battery service in each central office.
 - A permanently installed power unit in exchanges exceeding 5000 lines.
 - Mobile power units that can be delivered on short notice and which can be readily connected in offices without installed emergency power facilities.
- Has informed employees as to the procedures to be followed, including reasonable rerouting of traffic around damaged facilities and the deployment of emergency power, in the event of emergency in order to prevent or mitigate interruption or impairment of telecommunications service.

ALLIANCE COMMUNICATIONS COOPERATIVE, INC.

Lifeline Terms and Conditions

Alliance Communications Cooperative, Inc. offers Lifeline program-supported service to qualified low-income residential consumers for one telephone line per eligible household. The Lifeline program provides discounts to eligible low-income consumers to help them establish and maintain telephone service. Lifeline assistance lowers the cost of basic, monthly local telephone service. Eligible consumers can receive \$9.25 per month in discounts. In addition, the Federal Universal Service Charge is not assessed to consumers participating in Lifeline. Toll Blocking prevents the placement of all long distance calls for which a subscriber would be charged. Toll blocking is available to eligible consumers at no cost. Also, by choosing this option, consumers are usually not charged a deposit.

Lifeline Program Eligibility Information

Program Based Eligibility

Consumers are eligible for Lifeline if they, one of their dependents or their household participate in one of the following qualifying assistance programs:

Low-Income Home Energy Assistance Program (LIHEAP)
 Federal Public Housing Assistance (Section 8)
 Supplemental Nutrition Assistance Program (SNAP)
 Medicaid
 National School Lunch Program's Free Lunch Program
 Supplemental Security Income (SSI)
 Temporary Assistance for Needy Families (TANF)

Lifeline applicants must present documentation demonstrating eligibility either through participation in one of the qualifying federal assistance programs or through income-based means.

Acceptable documentation of program-based eligibility includes: current or prior year's statement of benefits from a qualifying state, federal or Tribal program; notice letter of participation in a qualifying state, federal or Tribal program; program participation documents; or another official document evidencing the consumer's participation in a qualifying state, federal or Tribal program.

Income Based Eligibility

In addition, consumers are eligible for Lifeline if their household income is at or below 135% of the federal poverty guidelines.

2013 Federal Poverty Guidelines – 135%

Household Size	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$15,512	\$19,373	\$17,861
2	\$20,939	\$26,163	\$24,098
3	\$26,366	\$32,954	\$30,335
4	\$31,793	\$39,744	\$36,572
5	\$37,220	\$46,535	\$42,809
6	\$42,647	\$53,325	\$49,046
7	\$48,074	\$60,116	\$55,283
8	\$53,501	\$66,906	\$61,520
For each additional person, add	\$5,427	\$6,791	\$6,237

Acceptable documentation of income eligibility includes: prior year's state, federal or Tribal tax return; current income statement from an employer or paycheck stub; social security statement of benefits; Veterans Administration statement of benefits; retirement/pension statement of benefits; unemployment/workmen's compensation statement of benefits; federal or Tribal notice of letter participating in General Assistance; or a divorce decree or child support award or other official document containing income information.

Tribal Eligibility

A subscriber who lives on Tribal lands and is an eligible resident of Tribal lands is eligible for Tribal Lifeline service or Tribal Link Up if the subscriber, one or more of the subscriber's dependents, or the subscriber's household participates in any of the above-listed qualifying assistance programs or one of the following Tribal-specific federal assistance programs: Bureau of Indian Affairs General Assistance; Tribally Administered Temporary Assistance for Needy Families; Head Start (if income eligibility criteria are met); or the Food Distribution Program on Indian Reservations (FDPIR). Tribal subscribers may also qualify if the household income is at or below 135% of the Federal Poverty Guidelines.

Numbers of Minutes-of-Use Provided as Part of Lifeline Program Service

Alliance Communications Cooperative, Inc.'s Voice Lifeline service includes unlimited local minutes-of-use within the toll-free calling area. Alliance Communications Cooperative, Inc.'s Voice Lifeline Plan does not include any free minutes-of-use for toll. Toll is billed at the standard toll rate depending on which interexchange carrier the consumer subscribes to for toll service. As part of the Lifeline service, Toll blocking is available to eligible consumers at no cost.

Rates

Subscribers may receive the Lifeline credit on any type or grade of local service, including bundled services that are normally offered by Alliance Communications Cooperative, Inc.. Advertised rates do not include any applicable taxes or surcharges.

Recertification of Lifeline Eligibility

Lifeline recipients are required to recertify their eligibility annually. Failure to properly recertify a recipient's continued eligibility for the Lifeline program will result in termination of the Lifeline recipient's monthly Lifeline discount and de-enrollment from the Lifeline Program.

Additional Lifeline Program Information

The Lifeline program is limited to one benefit per household, consisting of either wireline or wireless service. A household is defined, for purposes of the Lifeline program, as an individual or group of individuals who live together at the same address and share income and expenses. Lifeline is a government benefit program, and consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program.

REDACTED - FOR PUBLIC INSPECTION

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS

**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.

BORROWER NAME

Alliance Communications Cooperative, Inc.

(Prepared with Audited Data)

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period.
For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING
December, 2012

BORROWER DESIGNATION
SD0526

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII
(Check one of the following)

☒ All of the obligations under the RUS loan documents have been fulfilled in all material respects.

☐ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report

Don Snyders

3/28/2013

DATE

PART A. BALANCE SHEET

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents			25. Accounts Payable		
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)		
6. Material-Regulated			LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)			39. Funded Debt-Other		
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Recquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)		
13. Nonregulated Investments			OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service			51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction			53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation			55. Other Capital		
23. Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins		
			58. Total Equity (51 thru 57)		
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

Total Equity = % of Total Assets

USDA-RUS		BORROWER DESIGNATION	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		SD0526	
		PERIOD ENDING December, 2012	
INSTRUCTIONS- See RUS Bulletin 1744-2			
PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS			
ITEM	PRIOR YEAR	THIS YEAR	
1. Local Network Services Revenues			
2. Network Access Services Revenues			
3. Long Distance Network Services Revenues			
4. Carrier Billing and Collection Revenues			
5. Miscellaneous Revenues			
6. Uncollectible Revenues			
7. Net Operating Revenues (1 thru 5 less 6)			
8. Plant Specific Operations Expense			
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)			
10. Depreciation Expense			
11. Amortization Expense			
12. Customer Operations Expense			
13. Corporate Operations Expense			
14. Total Operating Expenses (8 thru 13)			
15. Operating Income or Margins (7 less 14)			
16. Other Operating Income and Expenses			
17. State and Local Taxes			
18. Federal Income Taxes			
19. Other Taxes			
20. Total Operating Taxes (17+18+19)			
21. Net Operating Income or Margins (15+16-20)			
22. Interest on Funded Debt			
23. Interest Expense - Capital Leases			
24. Other Interest Expense			
25. Allowance for Funds Used During Construction			
26. Total Fixed Charges (22+23+24-25)			
27. Nonoperating Net Income			
28. Extraordinary Items			
29. Jurisdictional Differences			
30. Nonregulated Net Income			
31. Total Net Income or Margins (21+27+28+29+30-26)			
32. Total Taxes Based on Income			
33. Retained Earnings or Margins Beginning-of-Year			
34. Miscellaneous Credits Year-to-Date			
35. Dividends Declared (Common)			
36. Dividends Declared (Preferred)			
37. Other Debits Year-to-Date			
38. Transfers to Patronage Capital			
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]			
40. Patronage Capital Beginning-of-Year			
41. Transfers to Patronage Capital			
42. Patronage Capital Credits Retired			
43. Patronage Capital End-of-Year (40+41-42)			
44. Annual Debt Service Payments			
45. Cash Ratio [(14+20-10-11) / 7]			
46. Operating Accrual Ratio [(14+20+26) / 7]			
47. TIER [(31+26) / 26]			
48. DSCR [(31+26+10+11) / 44]			

USDA-RUS

**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

SD0526

PERIOD ENDED

December, 2012

Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1	R-1	BUSINESS	RESIDENTIAL	TOTAL	TOTAL (including fiber)	FIBER
	(a)	(b)	(a)	(b)	(c)	(a)	(b)
Garretson, SD							
Baltic, SD							
East Hudson, IA							
Crooks, SD							
Hudson, SD							
Brandon, SD							
Alcester, SD							
East Garretson, MN							
Lester, MN							
East Valley Springs, MN							
Steen, MN							
Hills, MN							
N Larchwood, SD							
Valley Springs, SD							
Alvord, IA							
Larchwood, IA							
Lester, IA							
Inwood, IA							
S Valley Springs, IA							
S Steen, IA							
S Hills, IA							
Oldham/Ramona, SD							
Howard, SD							
MobileWireless							
Route Mileage Outside Exchange Area							
Total							
No. Exchanges							

<p>USDA-RUS</p> <p>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p> <p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>BORROWER DESIGNATION SD0526</p> <p>PERIOD ENDED December, 2012</p>
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Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

4. BROADBAND SERVICE

EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Details on Least Expensive Broadband Service					Type Of Technology (g)
			Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	
Garretson, SD								
Baltic, SD								
East Hudson, IA								
Crooks, SD								
Hudson, SD								
Brandon, SD								
Alcester, SD								
East Garretson, MN								
Lester, MN								
East Valley Springs, MN								
Steen, MN								
Hills, MN								
N Larchwood, SD								
Valley Springs, SD								
Alvord, IA								
Larchwood, IA								
Lester, IA								
Inwood, IA								
S Valley Springs, IA								
S Steen, IA								
S Hills, IA								
Oldham/Ramona, SD								
Howard, SD								
Total								

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION SD0526 PERIOD ENDING December, 2012
INSTRUCTIONS- See RUS Bulletin 1744-2	

PART D. SYSTEM DATA				
1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	4. Access Lines per Square Mile	5. Subscribers per Route Mile

PART E. TOLL DATA							
1. Study Area ID Code(s) a. 351405 b. 361405 c. 391405 d. 391642 e. 391657 f. _____ g. _____ h. _____ i. _____ j. _____	2. Types of Toll Settlements (Check one) <table style="width: 100%;"> <tr> <td style="width: 40%;">Interstate:</td> <td style="width: 20%;"><input type="checkbox"/> Average Schedule</td> <td style="width: 40%;"><input checked="" type="checkbox"/> Cost Basis</td> </tr> <tr> <td>Intrastate:</td> <td><input type="checkbox"/> Average Schedule</td> <td><input checked="" type="checkbox"/> Cost Basis</td> </tr> </table>	Interstate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis	Intrastate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis
Interstate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis					
Intrastate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis					

PART F. FUNDS INVESTED IN PLANT DURING YEAR	
1. RUS, RTB, & FFB Loan Funds Expended	
2. Other Long-Term Loan Funds Expended	
3. Funds Expended Under RUS Interim Approval	
4. Other Short-Term Loan Funds Expended	
5. General Funds Expended (Other than Interim)	
6. Salvaged Materials	
7. Contribution in Aid to Construction	
8. Gross Additions to Telecom. Plant (1 thru 7)	

PART G. INVESTMENTS IN AFFILIATED COMPANIES					
INVESTMENTS	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
	(b)	(c)	(d)	(e)	(f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development					

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION SD0526
	PERIOD ENDING December, 2012
	(Empty space for additional information)

PART H. CURRENT DEPRECIATION RATES

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)

☒ YES ☐ NO

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	
5. Land and support assets - Buildings	
6. Land and support assets - Furniture and Office equipment	
7. Land and support assets - General purpose computers	
8. Central Office Switching - Digital	
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	
19. Cable and wire facilities - Aerial cable - Metal	
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	
22. Cable and wire facilities - Underground cable - Fiber	
23. Cable and wire facilities - Buried cable - Metal	
24. Cable and wire facilities - Buried cable - Fiber	
25. Cable and wire facilities - Conduit systems	
26. Cable and wire facilities - Other	

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		BORROWER DESIGNATION SD0526
INSTRUCTIONS – See help in the online application.		PERIOD ENDED December, 2012
PART I – STATEMENT OF CASH FLOWS		
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		[REDACTED]
CASH FLOWS FROM OPERATING ACTIVITIES		
2. Net Income		[REDACTED]
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>		
3. Add: Depreciation		[REDACTED]
4. Add: Amortization		[REDACTED]
5. Other (Explain) [REDACTED]		[REDACTED]
<i>Changes in Operating Assets and Liabilities</i>		
6. Decrease/(Increase) in Accounts Receivable		[REDACTED]
7. Decrease/(Increase) in Materials and Inventory		[REDACTED]
8. Decrease/(Increase) in Prepayments and Deferred Charges		[REDACTED]
9. Decrease/(Increase) in Other Current Assets		[REDACTED]
10. Increase/(Decrease) in Accounts Payable		[REDACTED]
11. Increase/(Decrease) in Advance Billings & Payments		[REDACTED]
12. Increase/(Decrease) in Other Current Liabilities		[REDACTED]
13. Net Cash Provided/(Used) by Operations		[REDACTED]
CASH FLOWS FROM FINANCING ACTIVITIES		
14. Decrease/(Increase) in Notes Receivable		[REDACTED]
15. Increase/(Decrease) in Notes Payable		[REDACTED]
16. Increase/(Decrease) in Customer Deposits		[REDACTED]
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		[REDACTED]
18. Increase/(Decrease) in Other Liabilities & Deferred Credits		[REDACTED]
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		[REDACTED]
20. Less: Payment of Dividends		[REDACTED]
21. Less: Patronage Capital Credits Retired		[REDACTED]
22. Other (Explain) [REDACTED]		[REDACTED]
23. Net Cash Provided/(Used) by Financing Activities		[REDACTED]
CASH FLOWS FROM INVESTING ACTIVITIES		
24. Net Capital Expenditures (Property, Plant & Equipment)		[REDACTED]
25. Other Long-Term Investments		[REDACTED]
26. Other Noncurrent Assets & Jurisdictional Differences		[REDACTED]
27. Other (Explain) [REDACTED]		[REDACTED]
28. Net Cash Provided/(Used) by Investing Activities		[REDACTED]
29. Net Increase/(Decrease) in Cash		[REDACTED]
30. Ending Cash		[REDACTED]

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION SD0526
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2012
NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	
<p>On 1/1/2012, Alliance Communications Cooperative, Inc. (SD526) merged with its subsidiary companies, Hills Telephone Company, Inc. (MN583) and Splitrock Properties, Inc. (not an RUS borrower). Due to this merger, a request was sent to RUS to consolidate the borrower status and records of the two loan designees. This process has since been completed. The financial statement presented for 2012 is that of the merged company with all exchanges for the two subsidiaries included in this report.</p> <p>No report will be filed for 2012 for discontinued RUS (MN583) borrower Hills Telephone Company, Inc. due to the merger, as the company ceased to exist on 12/31/2011.</p>	

<p>USDA-RUS</p> <p>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p>	<p>BORROWER DESIGNATION</p> <p>SD0526</p>
<p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>PERIOD ENDED</p> <p>December, 2012</p>
<p>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p>	
<p></p>	